

COMPANYCONNECTOR

A regular update of company news and views **Issue 22** | December 2009



Skellerup looks forward to centenary year

As far as milestones go, turning 100 is definitely one to celebrate. Next year it's 100 years since young George Waldemar Skjellerup opened the doors of Christchurch's first rubber business.

GEORGE, WHO EVENTUALLY DROPPED the silent "j" from his surname, opened the doors of the shop after spotting a gap in the

market for rubberware. He named it the Para Rubber Company after Para in Brazil, which was then a major source of high-quality rubber. The shop offered a variety of new lines of rubber products.

The budding entrepreneur had arrived in New Zealand from Australia eight years earlier as a young 21-year-old with just 37 shillings in his pocket. He soon found a job making tyres in a bicycle shop in Dunedin. As his interest in rubber grew and the shop prospered, he drew on the business skills he learnt at night school where he was sent as a 12-year-old after his father died. The lessons stood him in good stead especially through the tumultuous years of WWI and then the Depression when the demand for rubber surged and then collapsed.

However careful management and diversification into new companies, including one making waterproof coats and another making gumboots and tennis shoes, and a third, a solar salt-works at Lake Grassmere in Marlborough, saw the

company weather the storms and then start to grow substantially.

By the 1950's George was one of Christchurch's leading industrialists. When he died of a massive heart attack in 1955 he had over 1,000 employees and his companies' annual sales topped £4 million.

Skellerup has continued to grow and develop with innovative and award winning products emerging from its research and development laboratories. The company now has a presence in 15 cities globally and is regarded as one of the leading manufacturers of dairy rubberware in the world.

Looking to the future Managing Director Donald Stewart says the company will continue to focus on supplying niche polymer products and vacuum pumps in markets where it has a competitive advantage.

"We will continue to supply the Australasian market with a broad range of products. Growth will come primarily from supplying niche products in Europe and the USA where Tumedei, DEKS, Conewango, Footwear and Gulf USA give us a strategic presence. This growth will be supported by traditional and developed products, proven high quality cost efficient manufacturing and an aggressive sales effort."

Donald says the strategic goal for Skellerup over the next five years is to top the NZD 300 million mark in sales. Not a bad outcome for a 37 shilling startup.

(continued inside)



George Skellerup and his wife, Elizabeth at their first home in Riccarton, Christchurch.

IN THIS ISSUE:

SKELLERUP – Win big in the centenary competition

CONEWANGO – New home for dairy supplier

ULTRALON – Ronix boots score big win

SKELLERUP – Samoan appeal raises funds

AND MORE

Management message

As we head into the final month of 2009 it's with a mixture of relief, achievement, and excitement.

THE REALITIES OF BATTLING A RECESSION HAVE MADE



this a long and difficult year. While economists are cautiously signalling the end of the global financial crisis, Skellerup has a lot of work to do to make up the ground lost over this time. We believe sales will continue to improve and that demand for our products will steadily recover.

Skellerup is in a strong position after the recent two-for-five rights issue

which raised \$21.54m. This money, along with the sale of non-core business units, was used to pay back bank debt which has now dropped from \$106m in 2007 to \$42m. We have forecast a net profit for the 2010 year of \$7.1m and while this is lower than we would like, we are forecasting a return to "normal" profit levels in 2011.

We believe this will be possible on the back of the hard work being done by our product and market development teams. It's exciting to see the enthusiastic response by markets to products such as the Quatro gumboot, square milking liners and drive shaft couplings, to name a few. Potential new customers and markets are being developed ahead of a multitude of exciting new products coming out of Ambic, DEKS, Conewango, Gulf, Tumedei, and our Footwear and Dairy teams.

Next year we celebrate our 100th year of business. The focus during the year will be on our staff. It's your efforts that have seen us grow into an iconic New Zealand business that has been able to expand globally. Skellerup is a recognised and respected brand overseas because of the work that goes on behind the scenes and on the factory floors. We appreciate the loyalty, dedication and commitment that you all bring to your work.

I'd like to wish all the employees of Skellerup and their families a safe and happy holiday wherever you may be.

Donald Stewart
Managing Director

The centennial logo is an important element in recognising Skellerup's 100 years in business. It has been designed to convey a sense of history but to also reflect the current status of the company and its willingness to look to the future.

The use of the burnished gold colour helps to evoke quality, 100 years of history and achievement, while the Viking ship reflects George Skellerup's Danish ancestry.



(continued from cover)



The late Sir Edmund Hillary with his Muklugs.

footwear, with 25,000 pairs of shoes rolling out of the factory every day. Explorer Sir Edmund Hillary and his team were all kitted out with Skellerup products, including specially designed boots called Muklugs, for the New Zealand Trans-Antarctic Expedition in 1956-1958.



Workers in the Woolston factory hand make gumboots.

Gumboots

SKELLERUP produced New Zealand's first gumboot in the 1940s when it was known as Marathon Rubber Footwear. George Skellerup brought over Canadian footwear expert, William Bremner, to oversee the New Zealand Government's request for 40,000 pair of jungle boots. This enabled the company to remain in rubber footwear production despite raw material shortages during the war. At one point, Skellerup was producing half of all New Zealand's

Milestones

- 1910** – George Waldemar Skellerup opened his first store in Christchurch to sell rubber goods directly to the public.
- 1938** – The first dairy inflation (liner) was produced.
- 1943** – The first gumboot was manufactured in Christchurch at the present day site in Woolston.
- 1947** – Skellerup Industries Ltd was publically listed.
- 1958** – The first Red Band Gumboot rolled off the production line on 21 October.
- 1954** – Her Royal Highness Queen Elizabeth and her husband, Prince Philip visited the Woolston site and were gifted a pair of made-to-measure waders each. Palace officials asked that the measurements be destroyed once the boots were made.
- 2004** – Skellerup Jiangsu Ltd, China, manufacturing facility begins operating.
- 2005** – Ambic, the UK's largest supplier of dairy hygiene equipment becomes part of Skellerup.
- 2006** – Gulf Rubber becomes part of the Skellerup Group.
- 2007** – Tumedei SpA, Italy, manufacturer of custom-designed technical rubber products joins Skellerup.

Enter the Celebrate the Centenary competition

Win 1 of 2 major prize packages of airfares and accommodation for two to any Skellerup site city in the world.

ENTRY IS OPEN ONLY TO EMPLOYEES OF SKELLERUP Industries Limited and its associated companies. Winners can choose to travel to any one of the following destinations: Ala, Verona (Italy), Jiangsu, Shanghai (China), Whitney, Oxford (United Kingdom), Melbourne (Australia), Sydney (Australia), Lincoln (Nebraska, USA), Falconer, Buffalo (NY State, USA), Auckland (New Zealand), Wellington (New Zealand) and Christchurch (New Zealand).

How to enter

- Make sure you read the next three issues of *Company Connector* – that's the December, March and June issues.
- Cut out and keep the entry form found in this issue.
- Answer nine easy questions – three from each issue. The answers can be found within the stories in each issue.
- Send in your entries to:
Deborah Allan
Marketing Coordinator
Skellerup
Private Bag 4736
Christchurch 8140
(Emails also accepted – email deborah.allan@skellerup.co.nz)
- Entries close 20th July 2010 and the winners will be drawn in August 2010.

Don't worry if you miss out on the main prize. There will be 20 consolation prizes.

- 5 x Jill Main Kahuria throw (1.5 x 1M)
- 5 x Icebreaker Quantum Zip Polo
- 5 x All Black training jackets
- 5 x Natural long wool sheepskin rugs.

Entry Form

Name: _____

Address: _____

Phone: _____

Email: _____

Business: _____

1. _____

2. _____

3. _____

4. _____

5. _____

6. _____

7. _____

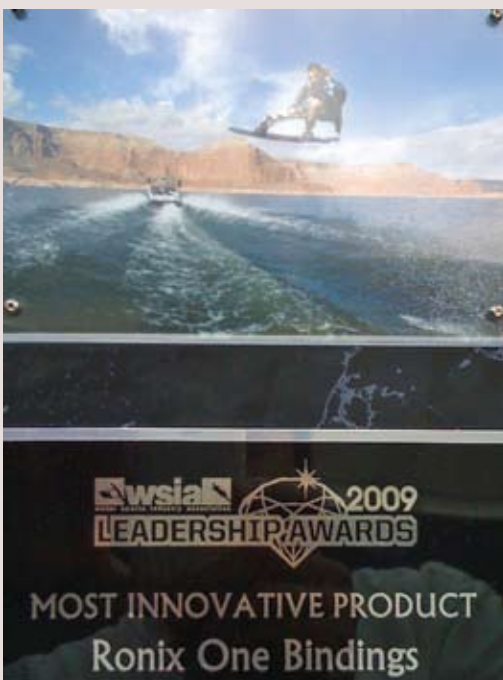
8. _____

9. _____

Question 1: What award did the Quatro Gumboot win in New Zealand recently?

Question 2: What was the name of George Skellerup's first company?

Question 3: Where are the new Conewango premises?



The Most Innovative Product award won by Ronix One for their bindings.

Ultralon foam helps Ronix to industry win

Top of the line water-ski and wakeboard boot manufacturer Ronix is celebrating a big win in its annual industry awards thanks to a little help from Ultralon.

IT TOOK OUT BOTH THE 'MANUFACTURER OF THE YEAR' AND 'MOST Innovative Product' awards at the Surf Expo, North America's key water sports tradeshow held in Orlando, Florida.

Ultralon's Herbalon low-density foam and specialist Ultrastop is being used extensively in the Ronix boots for a custom fit and better overall performance.

This is the first year for the Most Innovative Product category and Ronix CEO Scott Stephan says the Ronix One Boots beat out "satellite boat GPS systems, new cable systems, and a list of other really cool products."

Ronix say the Herbalon foam is the breakthrough product that has allowed them to change the way wakeboarders ride. The key benefit to the rider is that a custom fit liner made from Ultralon foam significantly improves their performance on the board through improved response and stability.

Ultralon General Manager Maurice Keats says the team at Ultralon were thrilled to hear of the Ronix success. "We are justifiably proud that a product developed in-house at Ultralon has the potential to change an entire market segment. We might not all be expert wakeboarders but we sure do know high-end foams."

We are confident we can duplicate our success in the snow board binding market which augurs well for our growth prospects in the next two – three years," says Maurice.

New home for Conewango

There's been a big move for the team at Conewango. The dairy manufacturer has moved premises from their old site in Randolph, New York, to Falconer about 15 miles (24 kms) away.

CONEWANGO, WHICH WAS FOUNDED BY DAIRYMAN GUNNAR Anderson as a dairy supply wholesaler in 1931, is the second largest non-original equipment manufacturer of milking machine rubberware in the USA and sells Skellerup manufactured products under its brand name.

With a customer base of over 110,000 dairy farms across America, Canada and Puerto Rico, and potential for further growth the company needed a more appropriate facility that would accommodate that expansion. Conewango General Manger Jeff Perkins says not being able to use forklifts was becoming an issue.

"Conewango has used this building since the 1930s but since becoming part of Skellerup we are moving larger and heavier quantities of products.

"Rubber tubing for example is a very heavy product and forklifts are needed to move large volumes. However space restrictions mean these machines cannot be used in the Randolph buildings," says Jeff.

More suitable storage facilities at Conewango will allow Skellerup to reduce the lead times to its suppliers by offering locally based distribution solutions in the USA. Better warehousing will also support the growth of DEKS USA, Skellerup Footwear and Skellerup Dairy International in the US.

"We are excited about becoming a distribution hub for DEKS which is new for us. The new warehouses will present opportunities for selling products we haven't been able to in the past.

Jeff says the four-day move (which included a weekend) went very smoothly except for one or two little hiccups. "The day prior to the move, we weren't sure if we would have a phone system or internet



Racking being assembled in Conewango's new warehouse.

connection by the time we were scheduled to resume shipping. At that point we already knew that we wouldn't have pallet racking for several days after the move for the almost US\$1 million of inventory."

Quatro big hit in the USA

Skellerup's new Quatro gumboot has been a big hit in the US. The innovative boot was profiled at the Conewango stand at the World Dairy Expo in Maddison, NY.

GROUP GENERAL MANGER FOOTWEAR PAUL RANDALL SAYS THE Conewango stand was one of the busiest in the exhibition hall and the Quatro display drew admiring crowds.

"We sold a significant number of pairs off the stand and also took orders which were shipped from the warehouse. The point of difference with the Quatro is they are designed specifically for industry. The ankle fit and insulation also fit American market requirements."



(From left) Jeff Perkins, Penny Canfield and Lynn Witmer of Conewango showcase Quatro on Conewango's stand at the World Dairy Expo.

Paul says competing boots on the market cross over from the hunting and fishing sectors and don't stand up to the day-to-day demands of the agriculture industry.

Paul and the Conewango sales team followed the dairy expo with a successful road trip to visit potential dealers and distributors.

"We were very well received," says Paul. "Orders are already starting to come in."

Quatro win silver at design awards

The Quatro gumboot has also chalked up a success at the 2009 Best Design Awards in New Zealand. The high performance agribusiness gumboot won a silver medal in the Product/Consumer category.

THE AWARDS, ORGANISED BY THE DESIGNERS Institute of New Zealand (DINZ), celebrate the best of New Zealand design across a range of products and industries. This year 590 entries were received.

Labelled New Zealand's first high-performance agribusiness gumboot, the Quatro hit New Zealand shelves earlier this year and was an immediate sell-out.

Group General Manager Footwear Paul Randall says Skellerup was aiming to be a nominee in the awards.

"The Better by Design audit process we went through recently highlighted the need for us to achieve something significant. One of our outputs from the process was to be a nominee in the Best Awards. We were up against some prestigious companies so were thrilled to go one better and win a medal."

Paul says the sales of the Quatro have exceeded all expectations in New Zealand and Australia and is leading Skellerup into new export markets.

Long service awards

Fifty-two staff from Skellerup companies around the world celebrate a combined total of over 1,000 years of service to the company in December.

Sixty Years (in January)

Lawrence Jones – Skellerup

Forty Years

William Scally – Skellerup
Maurice Jarden – Skellerup



Maurice Jarden marks 40 years service with Skellerup at the Woolston site.

Thirty-Five Years

Diane Mannix – Skellerup
Cushla Smith – Skellerup
Mervyn Wickman – Rubber Services
Wayne Rogers – Skellerup
Karen Frew – Skellerup
Terence Gardner – Skellerup

Thirty Years

Ray Pederson – DEKS

Twenty-Five Years

Lawrence O'Neill – Ultralon
Alan Clearwater – Skellerup
Geoffrey Commons – Skellerup
Colin Burt – Skellerup

Twenty Years

John Culverhouse – Skellerup
Barry Miller – Skellerup
Robyn Ross-Smith – Skellerup
Grant Carr – Skellerup
Jillian Brierton – Skellerup
Thea Hetherington – Skellerup
Allan Hanton – Ultralon
William Teepa – Thorndon
Kevin Young – Thorndon
Carl Schmetzer – Rubber Services
John Gilber – MINC
Franco Zendri – Tumedei
Giovanna Marchiori – Tumedei
Enrica Bettini – Tumedei
Mario Veronesi – Tumedei
Margaret Collett – Ambic
Sue Claridge – Ambic

Fifteen Years

Brent Davey – Ultralon
Gary Terris – Ultralon
Andy Iosefo – Skellerup
Malcolm Deeming – Skellerup
Kim Churchill – Skellerup
Jason Guttenbeil – Rubber Services
Marybeth Maelzer – Rubber Services
John Edwards – DEKS
Andrea Zomber – Tumedei
Thi Duong Chau – Gulf
Lucy Xiao Miao – Gulf
Crawford Thompson – Gulf
Trevor Hodgson – Gulf

Ten Years

Philip Le Cren – Skellerup
Alan Simpson – Flomax
Sarita Devi – Skellerup
Shashi Choudahary – Rubber Services
Michelle Gay – Skellerup
Matt Group – Minc
Anh Tuyet Chau – Gulf
Maria Morariu – Tumedei

Holiday dates

BELOW ARE THE BREAK UP AND RETURN DATES FOR SKELLERUP'S DIFFERENT BUSINESS UNITS.

Business	Break Up Day	Returning
Ambic	23/12/09	4/1/10
China	12/2/10	21/2/10
Deks	23/12/09	4/1/10
Flomax	23/12/09	5/1/10
Gulf Australia	23/12/09	11/1/10
MINC	Closed on 24th (half day), 25th Dec and 1st Jan only	

Business	Break Up Day	Returning
Rubber Services	23/12/09	11/1/10
Thorndon	Only closed Stat Days	
Tumedei	23/12/09	4/1/10
Woolston	23/10/09	18/1/10

STAFF PROFILE: Sue Claridge – AMBIC

A lot can change over time but for multi-skilled operator Sue Claridge change has brought new experiences and learning opportunities that have kept her busy at Ambic for twenty years. Sue joined the Ambic team as a mould shop operator when the company was still a contract plastic moulding operation. "It used to be Marshall's Plastics then and I worked in the medical side. The mould shop used to be a lot bigger and at one time ran 24 hours a day. There were about 15 girls here then. I'm the last one now."



Sue Claridge.

ALONG WITH THREE MALE COLLEAGUES, Sue's responsibilities lie between the mould shop and assembly operations. "I do sorting and some quality goods inwards checking. I've been doing it for a long time so the only challenges are really when we have to learn different aspects of new products, or if there are new machines or different standards are introduced. Everything is a lot more computerised now and the mould shop has improved so much. It's so much easier."

Part of the attraction of working at Ambic for Sue is her 7:30 am – 2:00pm work day. "The hours give me time to go cycling and walking.

The company is very close to where I live and it's a beautiful part of the country. There is a forest nearby and the beautiful Blenheim Palace (birthplace of Winston Churchill).

Ambic is located in Witney near Oxford just on the edge of the Cotswold hills. "It used to be just a small market town," says Sue, "but it has grown quickly."

While Sue loves to travel, when it comes to relaxing she says nothing beats gardening and she loves spending time in the garden of the home she shares with her husband of 40 years, Bryan.

News in brief

Board visits China

STAFF AT SKELLERUP JIANGSU RECENTLY HAD THE CHANCE to meet members of the Skellerup Board and Managing Director Donald Stewart. The group was in China to review the Jiangsu operation, meet the head of the independent audit company, Dahua and hold talks with government officials on further development opportunities. Directors Liz Coutts and John Thompson joined Donald in a meet and greet with individual staff members. Jiangsu Footwear Production Manager Martin Li says the group praised several improvements made in the factory, as well as the clean and expanded work environment.



(Left to right) Martin Li (General Manager, Skellerup Jiangsu), Keith Curry (Chief Executive, Skellerup Jiangsu), Elizabeth Coutts (Director, Skellerup Holdings Ltd), Donald Stewart (Managing Director & Chief Executive), Pat Beaumont (Operations Manager, Flomax) and John Thompson (Director, Skellerup Holdings Ltd).

Jiangsu's new Footwear Manager

SKELLERUP JIANGSU HAS WELCOMED A NEW FOOTWEAR Production Manager onto the team.

CP Tan has over 27 years experience in the footwear manufacturing industry including 16 years at the Harvik Rubber Industries in Malaysia. During this time he became familiar with all aspects of Skellerup Footwear from pattern making to rubber boot building. CP Tan, who speaks fluent English and Mandarin, will be overseeing and working at improving the production processes. He will be ably assisted by Production Supervisor, Amanda Lu.



Footwear Production Manager CP Tan.

Skellerup staff support Samoa appeal

AN ISLAND SHIRT DAY ORGANISED RECENTLY BY Skellerup employees at the Woolston, DEKS and Rubber Services sites raised \$570 for the Red Cross Samoa Tsunami Appeal.



Brightening up the SIMS Trimming Dept in Woolston are Eugenia Resuello and Tanu Dusiegnur.

Human Resources Administrator Genaea Pink says there was large support within the company to do something fun that would raise money to help Samoa rebuild after September's devastating earthquake and tsunami.

"Many of our staff either have family there, or know someone who's been affected," says Genaea. "It's a tragedy that has touched so many people."

Genaea says the money raised has been donated to the Red Cross. "Thank you to everyone who gave so generously."



(From left) Fale Faitaua, Bella Brooker and Tasi Galovale of the Woolston SIMS Trimming Dept.

OBITUARY: Vince Kimbell (1960 – 2009)

THE MAN WHO MOVED FLOMAX PUMP DESIGN INTO THE 21ST CENTURY HAS PASSED AWAY AFTER a short illness.

Vince was a part of the Flomax development team for a little more than two years but in that time he made a significant impact through his willingness to think outside the square. That, together with his engineering background, played a significant part in the innovations that will make our new Air Cooled Rotary Vane Vacuum Pump the best pump of its type on the market. Vince's mastery of Solid Works reflects in the leading-edge performance of the pump which heads into field trials later this year.

Vince's drive and determination through his illness were an inspiration to the whole team. Despite his illness he continued bravely to work on the pump project that gave him the opportunity to leave a legacy which will have a very positive impact for Flomax and the wider Skellerup business.

Vince was a well-liked and much-admired member of the Flomax team. We will all miss him greatly. Vince is survived by his wife Ange, daughter Bev and son Alan. Our thoughts are with them at this time.



Vince Kimbell.



COMPANYCONNECTOR is a quarterly magazine produced by Skellerup. Feedback and stories for contribution can be sent to companyconnector@skellerup.co.nz. For more information on Skellerup visit www.skellerup.co.nz